

DEPARTMENT OF STATE REVENUE

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LETTER OF FINDINGS NUMBER: 98-0135 P

Individual Income Tax

Calendar Year: 1996

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ISSUE(S)

I. Tax Administration – Penalty

Authority: IC 6-8-1-10-2.1(d), 45 IAC 15-11-2

Taxpayers protest the imposition of the negligence penalty.

STATEMENT OF FACTS

The taxpayers filed an IT-40 for calendar year 1996 and failed to calculate the Johnson County tax. On December 5, 1997 the Department issued its AR-80 billing for the Johnson County Tax, Penalty, and Interest. Taxpayers are currently on a payment plan with the Department.

I. Tax Administration – Penalty

DISCUSSION

At issue is whether the taxpayers were negligent in remitting tax due subjecting them to a penalty.

The taxpayers submitted an explanation on April 2, 1998 which indicates that 1996 was a successful year in terms of gross receipts. Taxpayers purchased a computer accounting program to aid them and hired a tax accountant to assure they fulfilled their tax obligations. Taxpayers further state that their accountant's computer program was incorrectly set up by the sellers and it did not calculate the Johnson County tax.

The taxpayers had filed Indiana tax returns in years prior to 1996. It is a taxpayer's responsibility to assure the tax returns are correct before his signature is placed attesting to its correctness. Taxpayer was aware, as in prior years, that a county tax is due.

IC 6-8.1-10-2(a)(b) states that the penalty is ten percent (10%) of:

(4) the amount of deficiency as finally determined by the department.

FINDING

The taxpayer's protest is denied.